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NEWS RELEASE

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PSC APPROVES SALE OF LG&E SITE FOR LOUISVILLE ARENA *Consumers protected in transaction*

FRANKFORT, Ky. (Sept. 28, 2006) – The Kentucky Public Service Commission (PSC) today approved the sale of property owned by the Louisville Gas & Electric Co. (LG&E) to the Louisville Arena Authority, Inc.

In an order issued today, the PSC said that the agreement between LG&E and the Arena Authority adequately protects LG&E customers.

The Arena Authority will pay LG&E \$10 million for the property and an estimated \$63 million to relocate LG&E facilities, notably a major electric substation and gas transmission lines.

Two outmoded natural gas-fired electric generators on the site will be abandoned.

LG&E will bear the cost of relocating its electric transmission control facilities, which were due for replacement with newer technology. The relocation is estimated to cost \$15.5 million, but the company will not seek a rate increase solely for the purpose of recovering the cost in its electric rates.

The order requires LG&E to file with the PSC any changes to the agreement with the Arena Authority and to submit a full accounting of the completed transaction.

LG&E serves about 390,000 electric customers in Louisville and surrounding areas.

Documents in the case are available on the PSC Web site, psc.ky.gov. The case number is 2006-00391.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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